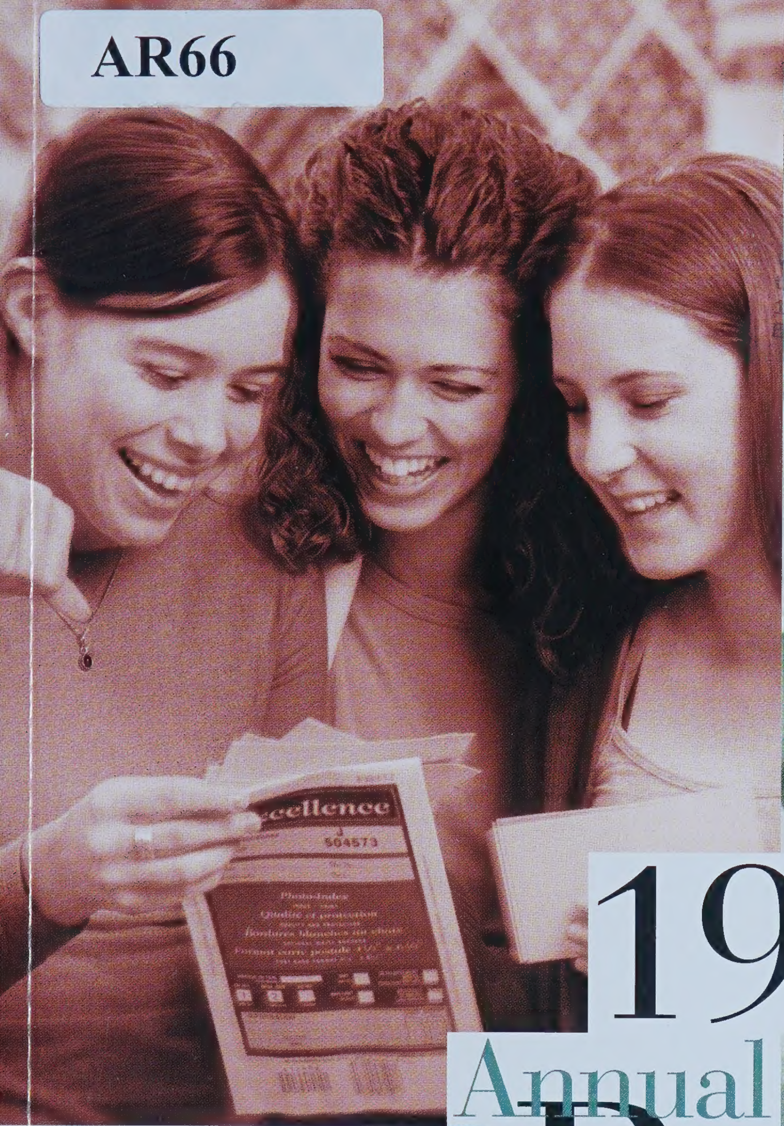
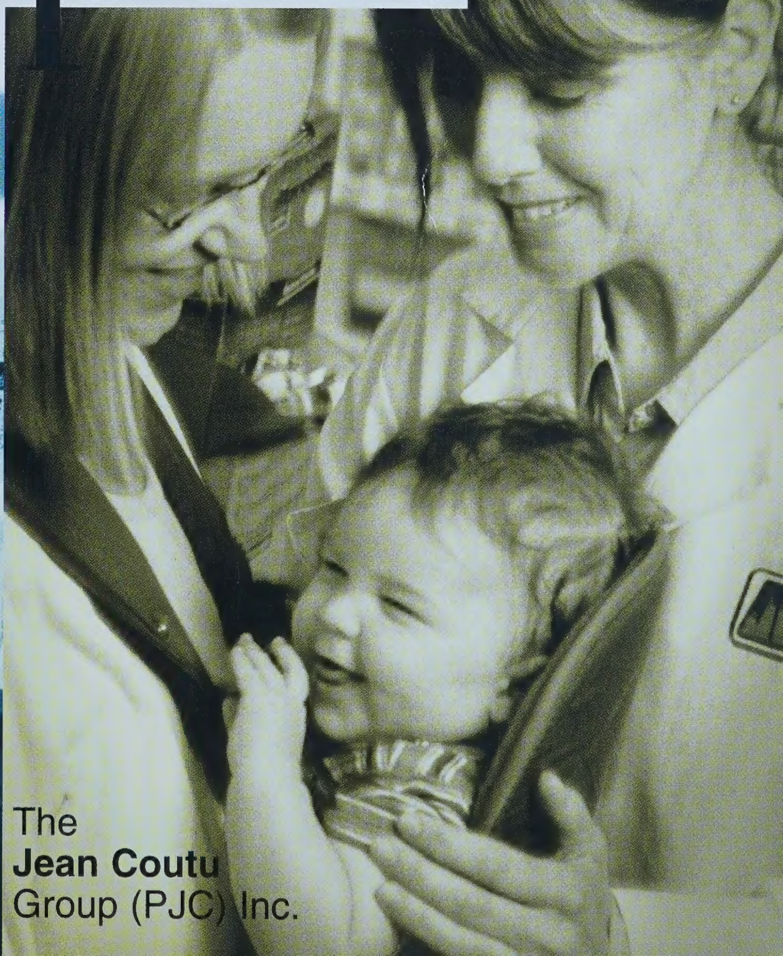


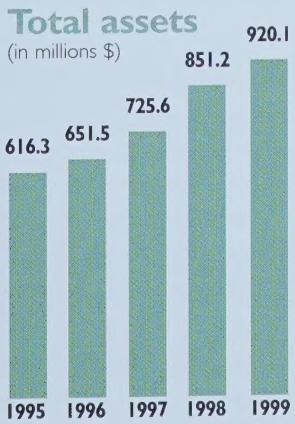
1999 Annual Report



The Jean Coutu Group (PJC) Inc.

Financial highlights

Fiscal years ending May 31 (in thousands of dollars except for per share data and ratios)	1999	1998	1997	1996	1995
Financial Performance					
Sales and other revenues					
Canada	1,111,354	1,001,458	873,256	821,984	786,813
United States	1,178,016	938,616	837,709	792,227	487,091
Total	2,289,370	1,940,074	1,710,965	1,614,211	1,273,904
Earnings before income taxes	119,457	98,375	87,971	71,417	68,119
Net earnings	74,307	63,236	57,025	46,367	45,203
Cash flow	114,519	84,777	80,243	66,713	64,170
Financial Position					
Real estate	154,291	148,785	136,929	113,887	111,223
Capital assets	185,028	151,950	124,120	112,631	85,691
Total assets	920,101	851,206	725,558	651,485	616,315
Shareholders' equity	509,465	446,732	378,189	326,009	285,789
Per Share Data					
Net earnings	1.41	1.20	1.08	0.88	0.86
Cash flow	2.17	1.61	1.53	1.27	1.22
Dividends	0.20	0.16	0.14	0.12	0.12
Shareholders' equity	9.66	8.48	7.19	6.20	5.44
Financial Ratios					
Working capital	1.84:1	1.33:1	1.31:1	1.25:1	1.42:1
Long-term debt on equity	0.36:1	0.19:1	0.22:1	0.26:1	0.44:1
Return on average shareholders' equity (%)	15.5	15.3	16.2	15.2	17.0
Network Performances					
Franchised establishments (Canada)	1,742,610	1,681,000	1,516,082	1,467,096	1,405,045
Corporate pharmacies (United States)	1,158,689	922,281	822,687	772,568	480,325



Profile

The Jean Coutu Group (PJC) Inc. is the largest company specialized in the distribution and retail sale of pharmaceutical and para-pharmaceutical products in Quebec and one of the 10 largest in North America.

Founded in Montreal in 1969 by Jean Coutu, The Jean Coutu Group now heads a network of 545 establishments in Canada and the United States. In Canada, 254 franchised establishments and 37 PJC Clinic employ some 10,000 people, mainly in Quebec, New Brunswick and Ontario. The Head Office, Distribution Centre and two subsidiaries, RX Information Centre Ltd. (computing) and Services Sécurivol Inc. (security), both wholly-owned by The Jean Coutu Group, are all established in Longueuil, near Montreal, and jointly employ over 900 people.

In the United States, 254 Brooks Pharmacy corporate outlets have 5,011 employees, mainly in the seven northeastern states. The Jean Coutu Group (PJC) U.S.A. Inc., a wholly-owned subsidiary of The Jean Coutu Group, has established its Head Office in Warwick, Rhode Island, and operates a distribution centre located in Dayville, Connecticut.

Contents

Message to Shareholders

At the dawn of the XXIst century, The Jean Coutu Group (PJC) Inc. can proudly review the progress made since it was founded 30 years ago and view the future with the confidence of a well-structured organization with continuous growth.

The results of the 1998-1999 fiscal year and the initiatives taken during this period show dramatically that The Jean Coutu Group already has the tools required to embark confidently into the new millennium.

On May 31, 1999, at the end of the 1998-1999 fiscal year, total revenues of The Jean Coutu Group were recorded at 2.3 billion dollars, an increase of 18% over total revenues of $1.9 billion in 1997-1998.

This performance has given The Jean Coutu Group net earnings of $74.3 million, or $1.41 per share, an increase of 18% over net earnings of $63.2 million, or $1.20 per share, during the previous fiscal year.

The results of The Jean Coutu Group for the 1998-1999 fiscal year are mainly due to the success of franchised establishments in Canada and to corporate pharmacies in the United States as well as to a substantial increase in their sales.

A solid foundation

Since the first Pharm-Escomptes Jean Coutu opened in Montreal on June 2, 1969, The Jean Coutu Group has never stopped innovating in an effort to better meet and even anticipate the needs of consumers.

Through the years, the Jean Coutu concept was developed and refined, and its latest expression — "PJC 2000" — has continued to mobilize the energies and resources of The Jean Coutu Group throughout the 1998-1999 fiscal year.

Proximity, quality of professional services, customer service and a range of top quality products remain, as they did 30 years ago, the cornerstones on which The Jean Coutu Group has positioned itself as the leader in the industry. While continuing to focus on these strengths, the franchised establishments and corporate pharmacies continued to develop their management and merchandising tools which will ensure continued growth beyond the year 2000.

This development strategy based on our competitive advantages, which are recognized and appreciated by our customers, continues to bear fruit: for the second year in a row The Jean Coutu Group was awarded the title of "The Most Admired Company in Quebec", according to a survey published in April 1999, in Commerce Magazine.

This new sign of consumer confidence and loyalty is both an honour and a stimulus for all members of The Jean Coutu Group and its network of franchisees in their commitment to help improve the quality of life and well-being of the entire population.

Tools for the future

During the 1998-1999 fiscal year, this commitment has included developing and using various management and merchandising tools which will contribute directly to the growth and productivity of all operating activities and to the improvement of the professional and commercial services provided to all customers of The Jean Coutu Group.

Some one hundred franchised establishments have integrated a point-of-sale (POS) merchandising management system into their daily operations. This management style has already been implemented in all of the corporate

pharmacies in the United States. Moreover, the computer equipment which has already been installed in the outlets of The Jean Coutu Group now provides a much broader range of applications which can be used to generate new savings and improve the effectiveness of customer service.

The Jean Coutu Group has also continued to develop and deploy various technologies aimed at maximizing the effectiveness and efficiency of the range of services provided by the Canadian and American networks. Thus, the distribution centres in Longueuil and Dayville now enjoy all the advantages of radio frequency systems, the first being an optimum inventory management.

Y2K compliance

It should be noted that by the first quarter of the 1999-2000 fiscal year, all computer equipment and systems used to operate the services and subsidiaries of The Jean Coutu Group will have been stringently inspected to ensure Y2K compliance.

Beyond the year 2000

Finally, we cannot help but announce the launch of The Jean Coutu Group's Internet site at www.jeancoutu.com. Consumers can already check our circular and obtain a wide variety of historical, financial and corporate information on The Jean Coutu Group, the Jean Coutu network in Canada and the Brooks Pharmacy network in the United States, as well as the latest information on our activities.

As we celebrate the thirtieth anniversary of the founding of The Jean Coutu Group, we want this site to be more than just a symbol. This interactive communication tool is destined to major developments in the opening months of the 1999-2000 fiscal year. Our Web site will illustrate, concretely and accessibly, our determination to use the highest-performance technology as one of our tools in promoting an innovative, popular and profitable concept.

"With the bar-code system, I can devote more time to customers and make sure they received the service or product they were looking for."

Supported by the natural growth of this industry as well as by its solid organizational and financial foundations, The Jean Coutu Group is ready to enter the new millennium with the confidence that major development opportunities lie ahead.

We wish to express our gratitude to all of those — employees, shareholders, partners and suppliers — who, over the last 30 years, have contributed to the growth of The Jean Coutu Group and who, still today, ensure our dynamism and success.

Jean Coutu
Chairman of the Board
and Chief Executive Officer

François J. Coutu
President and
Chief Operating Officer

Michel Coutu
President and Chief Executive Officer,
The Jean Coutu Group (PJC) U.S.A. Inc.

Review of Canadian operations

Canadian operations of The Jean Coutu Group (PJC) Inc. recorded total revenues of $1.1 billion during the 1998-1999 fiscal year, ending May 31, 1999.

This increase of 11% over total revenues of $1 billion in the 1997-1998 fiscal year, is mainly due to the strong performance of the 254 franchised establishments in Quebec, New Brunswick and Ontario.

Canadian operations yielded earnings of $111.9 million (before amortization, financial expenses and income taxes), for an increase of 15.9% over operating earnings of $96.5 million in the 1997-1998 fiscal year.

A significant increase in sales in the traditional pharmaceutical sectors were among the factors which contributed to reaching these new peaks.

"PJC 2000"

The network of franchised establishments was enriched by two new points of sale, both located in Quebec, in the 1998-1999 fiscal year. A great deal of energy and resources were devoted to implementing the strategic development plan "PJC 2000" and in particular to renovations, expansions and the relocations required to put the plan into operation.

The Jean Coutu Group increased its team of professionals in the Operations department, both to be more responsive to the needs of franchised establishments and to monitor more closely the basic elements of the "PJC 2000" plan, including, first and foremost, the new merchandising programs.

The franchised establishments continued to participate enthusiastically in the development plan adopted by The Jean Coutu Group. During the 1998-1999 fiscal year, some 50 points of sale were given a "facelift" and the investment required by the franchised establishments exceeded $5 million. Given demand and available resources, The Jean Coutu Group expects the "PJC 2000" strategic development plan to be implemented in all of its Canadian franchised establishments by late 2001.

Aware of the importance of training, The Jean Coutu Group has intensified the development of its network employees. Substantial investments have been made in this area and The Jean Coutu Group intends to maintain its commitment to training in the coming years.

Technology

The implementation and development of state-of-the-art technologies meeting the needs of franchised establishments and The Jean Coutu Group, are powerful tools which help to increase profitability and consolidate our competitive advantages throughout the network.

In the fiscal year ending May 31, 1999, 38 franchised establishments adopted the point-of-sale merchandising management system, bringing to 100 the number of outlets using this management tool, considered to be an essential element of the "PJC 2000" strategic development plan, and a key success factor for the Canadian operations of The Jean Coutu Group as a whole.

Furthermore, the computer equipment and intranet, standard equipment in all franchised establishments, have been enhanced with many new functions and applications, all designed to maximize outlet productivity and optimize customer service.

Apart from rewriting the prescription software, which will be functional during the first semester of the year 2000, The Jean Coutu Group is actively developing and adapting new technologies which will also help improve network productivity and profitability.

Services Sécurivol is continuing to install electronic surveillance systems in franchised establishments, while continuing to educate franchisees, suppliers and even manufacturers (on source marking, for example).

Services

Beyond the performance of these technological tools, which will continue to be deployed throughout the 1999-2000 fiscal year, The Jean Coutu Group's leadership role in its field of activity and in the retail sector in general rests first and foremost on the quality of its services and range of products provided to customers.

In the 1998-1999 fiscal year, The Jean Coutu Group worked at honing its competitive advantages by implementing a proven concept and by consolidating its position in expanding areas of activity: prescription drugs, orthopedics and home care, photo service and cosmetics.

The Passion for Beauty program is continuing to grow in profile and popularity with consumers, supported by the rearrangement of cosmetics' departments in renovated establishments. In the coming months, The Jean Coutu Group will work at consolidating its position as a "Beauty Network" by taking such initiatives as giving its staff in-depth training and by ensuring a greater presence of staff in the department.

In order to continue offering its customers a range of top-quality products, The Jean Coutu Group has pursued the development of its private-label products — now numbering over 1,000 — while emphasizing two ever-expanding services, orthopedics and home care on the one hand and natural products on the other. During the 1999-2000 fiscal year a new display style and merchandising program will be developed for the photo department, an area where The Jean Coutu Group already has a dominant position.

Building on its strength in the prescriptions' sector, The Jean Coutu Group wants to enhance its competitive advantages and set itself up as a health solutions' network. Improving the efficiency of processes remains the priority objective. In fact, we want to give pharmacists more time to consult and interact with customers.

In the 1999-2000 fiscal year, The Jean Coutu Group will once more devote substantial human and financial resources to enhancing the quality of professional and prescription drug services. These efforts will be devoted mainly to reengineering services and developing technological tools.

On one hand, reengineering prescription drug services will allow us to reduce customer waiting time and, on the other hand, the support of various technological tools — some of which will be introduced in the 1999-2000 fiscal year — will help improve laboratory productivity and the quality of professional services provided by The Jean Coutu Group's establishments.

Furthermore, The Jean Coutu Group is actively pursuing the development of its training programs — which includes continuous training — and is taking a number of initiatives aimed at enhancing the role and position of the pharmacist in a Jean Coutu Group outlet. With a view to ensuring top-notch succession planning, The Jean Coutu Group is also actively recruiting university graduates.

Finally, in line with the environmental policy adopted by The Jean Coutu Group during the 1997-1998 fiscal year, the recovery of hazardous wastes and the use of reusable containers, recycled paper and plastics, among other measures, are the focus of specific and continuing attention within the company. Similarly, The Jean Coutu Group is continuing its educational efforts on the need to protect the environment through its national programs, with specific emphasis on the recovery of expired drugs and empty plastic film containers.

"**Reassuring** people so that they don't worry unnecessarily keeps us busy and is enormously **rewarding**."

Review of American operations

During the 1998-1999 fiscal year, The Jean Coutu Group (PJC) U.S.A. Inc., a wholly-owned subsidiary of The Jean Coutu Group (PJC) Inc., continued to reap the anticipated benefits of several years of work and significant investments since the mid-nineties.

American operations of The Jean Coutu Group recorded total sales of $1.2 billion at the end of the 1998-1999 fiscal year for an increase of 25.5% over total sales of $938.6 million at the end of the 1997-1998 fiscal year.

Operating earnings of The Jean Coutu Group (before amortization, financial expenses and income taxes) were $64.9 million, an increase of 30.5% over operating earnings of $49.7 million for the 1997-1998 fiscal year.

Sustained by a strong economy and especially by efforts and initiatives carried out during the last fiscal years, the corporate Brooks Pharmacy network recorded a significant increase in sales in a very competitive marketplace.

In the prescriptions' sector especially, a crucial area as far as customer patronage and loyalty are concerned, American operations of The Jean Coutu Group recorded an increase of 14% in prescriptions filled out at Brooks Pharmacy laboratories.

Technology

Within the network of corporate pharmacies and the operations of The Jean Coutu Group as a whole, the 1998-1999 fiscal year was marked by the development and deployment of high-performance technological tools which will help to improve productivity, profitability and customer service.

All Brooks Pharmacy corporate outlets have already adopted the point-of-sale merchandising management system. They have thus joined the Head Office and the Distribution Centre of The Jean Coutu Group in being able to use this state-of-the-art technology for planning their commercial strategies.

Close to half of the establishments in the American network now offer Interactive Vocal Response (IVR) whereby consumers can receive information and carry out a number of transactions such as renewing prescriptions by phone. In some Brooks Pharmacy corporate outlets, over half of prescription renewals are already done using the IVR system.

The Jean Coutu Group worked closely with the RX Information Center in developing and implementing these technologies (and others under development), so that both Canadian and American establishments of The Jean Coutu Group can benefit from technological advances made on either side of the border.

Acquisitions

After devoting substantial efforts to integrating and consolidating the network of corporate pharmacies, The Jean Coutu Group has pursued expansion of its markets in the northeastern United States with the acquisition, in the third quarter of the 1998-1999 fiscal year, of all 11 outlets of the City Drug Inc., a chain operating in Vermont and New York States.

These new Brooks Pharmacy corporate outlets consolidate The Jean Coutu Group's position in the large Vermont market and provide an operational base in New York State from which the American operations of The Jean Coutu Group can develop an expansion strategy adapted to its resources and to the peculiarities of this impressive market of 18 million citizens.

In addition to this chain of pharmacies, The Jean Coutu Group also acquired five independent outlets, renovated and relocated some 20 corporate pharmacies and launched six new Brooks Pharmacy corporate outlets during the 1998-1999 fiscal year.

American operations of The Jean Coutu Group are expected to maintain this pace of expansion in the 1999-2000 fiscal year, while adopting a bolder attitude to potential business opportunities and acquisitions which would contribute to achieving strategic objectives.

Corporate Image To support and reinforce the foundation for its expansion in the American market, The Jean Coutu Group has devoted significant efforts throughout the 1998-1999 fiscal year to disseminate and promote a corporate image for the Brooks Pharmacy corporate outlets.

In addition to investing in various public relations and charitable activities in the different communities in which we operate, the American operations of The Jean Coutu Group also carried out a major advertising campaign using Brooks circulars as well as radio and television throughout the 1998-1999 fiscal year.

The Jean Coutu Group is confident that this advertising campaign, which will be reinforced by an emphasis on the quality of Brooks Pharmacy corporate outlets, will broaden its customer base and loyalty to the detriment of the other large retail chains located in the northeastern United States.

"The photo department is the place for smiles, happy memories and even a few pleasant surprises."

Management's analysis of operating results and financial position

Operating Results

On May 31, 1999, at the end of the 1998-1999 fiscal year, total revenues for The Jean Coutu Group (PJC) Inc. were $ 2,289,370,000, an increase of 18% over total revenues for the 1997-1998 fiscal year of $1,940,074,000 on May 31, 1998.

The strong performance and sound management of the Canadian franchised establishments and the American Brooks Pharmacy corporate outlets helped The Jean Coutu Group achieve such a high record.

At the end of the 1998-1999 fiscal year, total revenues from Canadian operations were $1,111,354,000, an increase of 11% over total revenues from Canadian operations of $1,001,458,000 recorded on May 31, 1998. Hence, Canadian operations account for 48.5% of the consolidated revenues of The Jean Coutu Group.

The American operations had total sales of $1,178,016,000 on May 31, 1999, an increase of 25.5% over total sales of $938,616,000 at the end of the 1997-1998 fiscal year. This is the first fiscal year since The Jean Coutu Group was established in 1986 in which American operations contributed to over half, specifically 51.5%, of consolidated revenues for The Jean Coutu Group.

Earnings

This performance gave The Jean Coutu Group pre-tax earnings of $119,457,000 at the end of the 1998-1999 fiscal year, for an increase of 21.4% over earnings of $98,375,000 at the end of the previous fiscal year.

Canadian operations contributed $98,885,000 of these earnings. This is an increase of 15.8% over $85,399,000 in earnings at the end of the 1997-1998 fiscal year. American operations increased their earnings by 58.5%, from $12,976,000 on May 31, 1998 to $20,572,000 at the end of the 1998-1999 fiscal year.

On May 31, 1999, amortization expenses assumed by The Jean Coutu Group during the 1998-1999 fiscal year were $40,455,000, an increase of 19.6% over depreciation expenses of $33,839,000 posted on May 31, 1998.

Financial expenses were $16,880,000, an increase of 20% over financial expenses of $14,063,000 recorded at the end of the 1997-1998 fiscal year.

The Jean Coutu Group is posting net earnings of $74,307,000, or $1.41 per share, at the end of the 1998-1999 fiscal year, an increase of 17.5% over net earnings of $63,236,000, or $1.20 per share, recorded at the end of the 1997-1998 fiscal year.

The Jean Coutu Group thus closes its thirtieth consecutive fiscal year with positive net earnings.

Cash flows

At the end of the 1998-1999 fiscal year, the cash flows of The Jean Coutu Group were $114,519,000, or $2.17 per share, an increase of 35.1% over the 1997-1998 fiscal year when cash flows were at $84,777,000, or $1.61 per share.

During the 1998-1999 fiscal year The Jean Coutu Group made real estate investments which required cash disbursements of $60,418,000. The total value of investments by The Jean Coutu Group was $77,032,000 on May 31, 1999.

The Jean Coutu Group's cash flows used up $6,931,000 in funds, bringing the cash to $5,861,000 on May 31, 1999, as compared with $12,792,000 at the end of the 1997-1998 fiscal year.

Financial position

At the end of the 1998-1999 fiscal year, The Jean Coutu Group's total assets were $920,101,000, an increase of 8.1% over total assets of $851,206,000 at the end of the 1997-1998 fiscal year.

Real estate and capital assets, with a total book value of $339,319,000 on May 31, 1999, represented 36.9% of these assets.

Shareholders' equity in The Jean Coutu Group increased to $509,465,000 at the end of the 1998-1999 fiscal year, an increase of 14% over shareholders' equity of $446,732,000 at the end of the previous fiscal year.

The book value of the PJC.A stock on the Montreal and Toronto Stock Exchanges increased from $8.48 at the beginning of the 1998-1999 fiscal year to $9.66 on May 31, 1999.

At the end of the 1998-1999 fiscal year, the working capital of The Jean Coutu Group was $203,267,000 — for an operating ratio of 1.84:1, as compared with $105,269,000 or an operating ratio of 1.33:1 on May 31, 1998.

On May 31, 1999, the long-term debt of The Jean Coutu Group was $182,323,000 — a ratio of debt to shareholders' equity of 0.36:1 — , as compared with $84,020,000 or a ratio of debt to shareholders' equity of 0.19:1, at the end of the 1997-1998 fiscal year.

"Beauty…for me it's a passion that I love to share."

Total bank debt was $220,144,000 — a ratio of debt to shareholders' equity of 0.43:1 — at the end of the 1998-1999 fiscal year, as compared with $240,335,000 for a ratio of debt to shareholders' equity of 0.54:1 at the end of the 1997-1998 fiscal year.

Y2K compliance

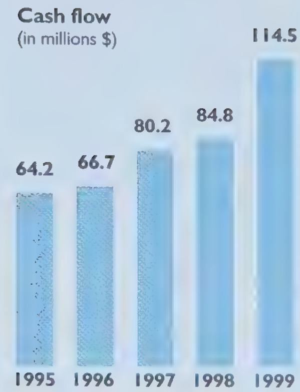
During the 1997-1998 fiscal year, a company committee presided by the Finance Vice-President, made up of representatives from all departments of The Jean Coutu Group and reporting directly to the executive committee of the Board of Directors was set up. The committee, which was asked to oversee the necessary inspections, revisions and certifications, developed a Y2K action plan both for computer systems and auxiliary systems such as heating, air conditioning and alarms. A risk analysis revealed a very slim degree of Y2K vulnerability for the company, partially because technological and computer changes in recent years had taken the new millennium into account.

The plan includes compliance trials and tests on the computer equipment and systems of The Jean Coutu Group, the rewriting or purchase of software and the support required for network establishments. Comprehensive questionnaires on the impact business partners may have on company activities were sent to partners. The Jean Coutu Group, which deals mainly with large corporations, has received most of the completed questionnaires.

Furthermore, almost all of our systems have been tested and modified as required to be certified compliant. The Jean Coutu Group expects this work to be completed both in Canada and the U.S. in the first quarter of the 1999-2000 fiscal year.

A contingency plan covering certain aspects such as the availability of Services Sécurivol and RX Information Center staff will allow us to overcome any possible difficulties in the coming months.

"A lot of distress can be avoided simply by giving the customer the correct instructions right away."



The costs related to this action plan, including computer equipment and system certification, were mostly borne by the budgets of the departments concerned and were incorporated into their current expenditures. Finally, The Jean Coutu Group assigned most of the work required to its own staff, thereby reducing costs. To date, the action plan has had little impact on The Jean Coutu Group's results and the company expects this situation to continue.

Senior management of The Jean Coutu Group is satisfied with the plan which was developed, the work which was carried out and the rigour with which deadlines have been met. Senior management has no reason to believe that Y2K compliance will have a significant effect on the company's activities or have a negative impact on results.

Nevertheless, in light of anticipated Y2K problems, The Jean Coutu Group cannot be certain the transition will not cause any inconveniences, mainly because of elements which are beyond the company's control and which depend on the diligence of our customers, suppliers and third parties.

Financial outlook

Three decades of growth and constant profitability have enabled The Jean Coutu Group to lay solid material and financial foundations, and to develop and regularly update a popular and innovative concept.

Over this time, The Jean Coutu Group was able to establish itself as a leader in the distribution and retailing of pharmaceutical and para-pharmaceutical products in an industry whose growth, both in Canada and the United States, is sustained by scientific progress as well as by customer demographics.

In this business environment, The Jean Coutu Group considers that its foundation and competitive advantages are strengths which it can use to pursue, including through acquisitions, the development of its franchised network in Canada and its network of corporate pharmacies in the United States during the 1999-2000 fiscal year.

The acquisition of 11 establishments by our American operations at the end of the 1998-1999 fiscal year and the continuing development of Canadian and American operations throughout the 1999-2000 fiscal year will help to improve still further the results of The Jean Coutu Group throughout the coming year.

Yvon Béchard

Yvon Béchard
First Executive Vice-President
and Assistant Secretary

Quarterly consolidated earnings

(IN THOUSAND OF DOLLARS EXCEPT FOR PER SHARE EARNINGS)

3-month periods ended	August 31 1998	November 30 1998	February 28 1999	May 31 1999	Total 1999
Sales and other revenues					
Canada	$ 254,771	$ 294,903	$ 270,948	$ 290,732	$ 1,111,354
United States	268,899	287,902	314,150	307,065	1,178,016
	523,670	**582,805**	**585,098**	**597,797**	**2,289,370**
Charges					
Cost of goods sold, general and operating expenses					
Canada	227,528	266,569	243,187	261,904	999,188
United States	255,532	273,141	294,559	290,158	1,113,390
	483,060	539,710	537,746	552,062	2,112,578
Depreciation and amortization	9,186	9,915	10,149	11,205	40,455
Interest on long-term debt	3,142	3,428	3,064	2,509	12,143
Other interest	1,196	1,125	1,108	1,308	4,737
	496,584	**554,178**	**552,067**	**567,084**	**2,169,913**
Earnings before income taxes	27,086	28,627	33,031	30,713	119,457
Income taxes	10,794	11,184	12,970	10,202	45,150
Net earnings	**$ 16,292**	**$ 17,443**	**$ 20,061**	**$ 20,511**	**$ 74,307**
Earnings and fully diluted earnings per share	**$ 0.31**	**$ 0.33**	**$ 0.38**	**$ 0.39**	**$ 1.41**

3-month periods ended	August 31 1997	November 30 1997	February 28 1998	May 31 1998	Total 1998
Sales and other revenues					
Canada	$ 234,173	$ 268,838	$ 241,142	$ 257,305	$ 1,001,458
United States	213,616	223,136	252,664	249,200	938,616
	447,789	**491,974**	**493,806**	**506,505**	**1,940,074**
Charges					
Cost of goods sold, general and operating expenses					
Canada	211,287	243,993	217,536	232,108	904,924
United States	203,722	211,555	237,405	236,191	888,873
	415,009	455,548	454,941	468,299	1,793,797
Depreciation and amortization	7,601	8,067	8,455	9,716	33,839
Interest on long-term debt	1,201	1,259	1,304	790	4,554
Other interest	1,821	2,117	2,538	3,033	9,509
	425,632	**466,991**	**467,238**	**481,838**	**1,841,699**
Earnings before income taxes	22,157	24,983	26,568	24,667	98,375
Income taxes	8,092	9,350	8,572	9,125	35,139
Net earnings	**$ 14,065**	**$ 15,633**	**$ 17,996**	**$ 15,542**	**$ 63,236**
Earnings and fully diluted earnings per share	**$ 0.27**	**$ 0.29**	**$ 0.35**	**$ 0.29**	**$ 1.20**

Management's report with respect to the financial statements

The consolidated financial statements of The Jean Coutu Group (PJC) Inc. contained in this report, including the notes thereto, were prepared by management in accordance with generally accepted accounting principles. In addition, the financial information contained elsewhere in the annual report is consistent with the financial statements.

The Board of Directors is responsible for the financial statements included in this annual report. The Audit Committee reviews the contents of the financial statements prior to their approval by the Board of Directors. The external auditors discuss their audit work with the Committee.

The Company's external auditors, Mallette Maheu, are responsible for auditing the financial statements and providing an opinion thereon. Their report is presented below.

François J. Coutu

François J. Coutu
President and Chief Operating Officer

Yvon Béchard

Yvon Béchard
First Executive Vice-President and Assistant Secretary

Auditor's report

To the Shareholders of
The Jean Coutu Group (PJC) Inc.

We have audited the consolidated balance sheets of The Jean Coutu Group (PJC) Inc. as at May 31, 1999 and 1998 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Mallette Maheu

Mallette Maheu
General Partnership
Chartered Accountants

Montréal, July 16, 1999

Consolidated earnings

Years ended May 31, 1999 and 1998

(IN THOUSANDS OF DOLLARS EXCEPT FOR PER SHARE AMOUNTS)

	1999	1998
Sales	$ 2,118,892	$ 1,786,858
Other revenues (note 3)	170,478	153,216
	2,289,370	1,940,074
Expenses		
Cost of goods sold, general and operating expenses	2,112,578	1,793,797
Amortization (note 4)	40,455	33,839
Interest on long-term debt	12,143	4,554
Other interest	4,737	9,509
	2,169,913	1,841,699
Earnings before income taxes	119,457	98,375
Income taxes (note 5)	45,150	35,139
Net earnings	$ 74,307	$ 63,236
Earnings and fully diluted earnings per share	$ 1.41	$ 1.20
Weighted average number of outstanding shares	52,758,912	52,665,491

Consolidated retained earnings

Years ended May 31, 1999 and 1998

(IN THOUSANDS OF DOLLARS)

	1999	1998
Balance at beginning	$ 376,805	$ 321,996
Net earnings	74,307	63,236
	451,112	385,232
Dividends	10,554	8,427
Balance at end	$ 440,558	$ 376,805

Consolidated balance sheets

May 31, 1999 and 1998

(IN THOUSANDS OF DOLLARS)

	1999	1998
Assets		
Current assets		
Cash	$ 5,861	$ 12,792
Accounts receivable	132,305	115,889
Inventories	292,199	271,922
Future income taxes	8,038	12,086
Prepaid expenses	3,414	2,551
Current portion of investments (note 6)	3,005	7,679
	444,822	$ 422,919
Investments (note 6)	16,790	16,556
Real estate (note 7)	154,291	148,785
Capital assets (note 8)	185,028	151,950
Other assets (note 9)	119,170	110,996
	$ 920,101	$ 851,206
Liabilities		
Current liabilities		
Bank loans (note 10)	$ 37,821	$ 156,315
Accounts payable	181,060	150,720
Income taxes payable	2,930	8,715
Current portion of long-term debt (note 11)	19,744	1,900
	241,555	317,650
Deferred revenue	5,412	4,365
Long-term debt (note 11)	162,579	82,120
Future income taxes	1,090	339
	410,636	404,474
Shareholders' equity		
Capital stock (note 12)	52,619	51,740
Retained earnings	440,558	376,805
Foreign currency translation adjustments (note 13)	16,288	18,187
	509,465	446,732
	$ 920,101	$ 851,206

Contingent liabilities and commitments (notes 14 and 15)

On behalf of the Board of Directors

Director

Director

Consolidated cash flows

Years ended May 31, 1999 and 1998

(IN THOUSANDS OF DOLLARS)

	1999	1998
Operating activities		
Net earnings	$ 74,307	$ 63,236
Items not affecting cash:		
Amortization	40,455	33,839
Loss (gain) on disposal of capital assets	(1,682)	591
Future income taxes	1,648	(12,889)
Share in earnings of companies subject to significant influence	(209)	–
	114,519	84,777
Net changes in non-cash working capital items and in long-term receivables from franchisees	(8,585)	(42,232)
	105,934	42,545
Investing activities		
Loans and advances	(4,030)	(5,645)
Receipts on loans and advances	4,227	4,290
Acquisition of investments	(891)	(4,379)
Proceeds from disposal of investments	3,885	–
Purchase of capital assets and real estate	(60,418)	(52,902)
Proceeds from disposal of capital assets and real estate	882	1,257
Goodwill	(21,641)	(12,684)
Proceeds from disposal of goodwill	–	1,375
Others	954	480
	(77,032)	(68,208)
Financing activities		
Changes in bank loans	(118,494)	33,575
Long-term debt	187,370	–
Repayment of long-term debt	(92,377)	(2,095)
Issuance of capital stock	879	485
Dividends	(10,554)	(8,427)
	(33,176)	23,538
Foreign currency translation adjustments	(2,657)	3,844
Increase (decrease) in cash and cash equivalents	(6,931)	1,719
Cash at beginning	12,792	11,073
Cash at end	$ 5,861	$ 12,792
Cash flows include the following items:		
Interest paid	$ 16,783	$ 14,969
Income taxes paid	$ 50,405	$ 38,025

Notes to consolidated financial statements

May 31, 1999 and 1998

(TABULAR AMOUNTS IN THOUSANDS OF DOLLARS)

1. Significant accounting policies

Financial statements

The financial statements are prepared in accordance to generally accepted accounting principles in Canada and conform in all material respects with International Accounting Standards. Amounts are expressed in Canadian currency.

Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the utilization of estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses and disclosure of contingent assets and liabilities. Consequently, actual amounts could differ from those estimates.

Inventory valuation

Inventories are valued at the lower of cost and net realizable value, the cost being calculated using the first in, first out basis and selling price less a normal gross profit.

Investments

Investments in companies subject to significant influence are accounted for using the equity method and other investments are accounted for using the cost method. Periodically, management analyzes each loan, advance and long-term receivable and when a serious doubt as to their recovery is identified, a provision is applied to reduce their book value to the estimated realizable value.

Foreign currency translation

Transactions concluded in foreign currencies are translated according to the temporal method. Therefore, monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date, non-monetary assets and liabilities at their historical rates and revenue and expense items at the average monthly rate of exchange. All exchange gains and losses are current in nature and included in the statements of earnings.

The financial statements of self-sustaining subsidiaries are converted according to the current rate of exchange. Based on this method, assets and liabilities are converted at the exchange rate in effect at the balance sheet date and revenue and expense items are translated at the average monthly rate. Translation adjustments resulting from exchange rate fluctuations are included in foreign currency translation adjustments in Shareholders' Equity.

Real estate

The Company holds real estate for leasing purposes, which is accounted for at cost.

Amortization of buildings is calculated using the straight-line and the compound interest methods at the rates of 5% and 10% based on the estimated useful lives of the buildings.

Capital assets

Capital assets are accounted for at cost.

Amortization is based on the estimated useful life of the assets using the straight-line and the diminishing balance methods at the following rates:

Buildings	3% to 5%
Furniture and equipment	14% to 20%
Computer equipment and software	20% to 33 1/3%
Leasehold improvements	lease term
Vehicles	14% to 30%
Computer equipment and software under capital leases	20%

Goodwill

Goodwill is accounted for at cost and amortized using the straight-line method at rates ranging from 5% to 10%. The company's management determines annually if a permanent impairment in value of the unamortized portion of goodwill exists based on estimated future operating earnings or cash flows.

Deferred costs

Deferred costs are accounted for at cost.

Amortization is calculated using the straight-line method at the rate of 20% and over the term of the long-term loan.

2. Change in accounting policies

Income taxes

During the year, the Company adopted retroactively the new recommendations of the Canadian Institute of Chartered Accountants relating to income taxes. This change in accounting policies had no significant impact on retained earnings as at June 1, 1998 and June 1, 1997 and on the current net earnings.

Cash flows

During the year, the Company also adopted retroactively the new recommendations of the Canadian Institute of Chartered Accountants relating to cash flows. Following these recommendations, short-term bank loans are excluded from cash and cash equivalents.

Notes to consolidated financial statements

May 31, 1999 and 1998

(Tabular amounts in thousands of dollars)

	1999	1998
3. Other revenues		
Royalties	$ 64,093	$ 60,700
Rent	50,544	48,197
Advertising	31,559	26,655
Sundry	24,282	17,664
	$ 170,478	$ 153,216
4. Amortization		
Fixed assets and real estate	$ 23,723	$ 19,227
Goodwill	11,660	11,273
Deferred costs	5,072	3,339
	$ 40,455	$ 33,839
5. Income taxes		
The Company's effective tax rate differs from the combined statutory rate. The difference is attributable to the following elements:		
Combined tax rate	39.4 %	39.3 %
Tax rate increase (decrease) resulting from:		
Income taxable at reduced rates	(2.6)	(4.2)
Non-deductible amortization	1.4	1.7
Other	(0.4)	(1.1)
	37.8 %	35.7 %
The provision for income taxes is as follows:		
Current taxes	$ 43,502	$ 48,028
Future taxes	1,648	(12,889)
	$ 45,150	$ 35,139

Short-term future tax assets represent operating expenses where tax deductions have been deferred. Long-term future tax assets and liabilities relate to capital assets, real estate, goodwill, deferred costs and deferred revenues.

	1999	1998
6. Investments		
Loans, advances and long-term receivables from franchisees, without interest, some of which bear repayment terms until 2006 and are renewable	$ 17,849	$ 20,809
Other	3,866	5,016
	21,715	25,825
Provision for losses on long-term receivables from franchisees	1,920	1,590
	19,795	24,235
Current portion	3,005	7,679
	$ 16,790	$ 16,556

The provision for losses relates to long-term receivables from franchisees amounting to $3,978,000 (1998, $5,019,000). During the year, an additional bad debt expense of $959,000 (1998, $579,000) has been accounted for.

Notes to consolidated financial statements

May 31, 1999 and 1998

(Tabular amounts in thousands of dollars)

	1999	1998
7. Real estate		
Land	$ 48,586	$ 47,370
Buildings	119,073	112,213
Construction in progress	664	1,206
	168,323	160,789
Accumulated depreciation	14,032	12,004
	$ 154,291	$ 148,785

8. Capital assets

1999	Cost	Accumulated amortization	Net book value
Land	$ 25,495	$ –	$ 25,495
Buildings	84,809	15,885	68,924
Furniture and equipment	48,796	30,751	18,045
Computer equipment and software	42,306	17,888	24,418
Leasehold improvements	63,584	19,566	44,018
Vehicles	984	757	227
Computer equipment and software under capital leases	11,385	7,484	3,901
	$ 277,359	$ 92,331	$ 185,028

1998	Cost	Accumulated amortization	Net book value
Land	$ 24,172	$ –	$ 24,172
Buildings	68,912	13,175	55,737
Furniture and equipment	44,423	25,749	18,674
Computer equipment and software	26,849	10,787	16,062
Leasehold improvements	48,310	14,504	33,806
Vehicles	975	633	342
Computer equipment and software under capital leases	9,443	6,286	3,157
	$ 223,084	$ 71,134	$ 151,950

Capital assets of $1,966,000 (1998, $1,345,000) were acquired during the year through capital leases.

	1999	1998
9. Other assets		
Goodwill	$ 107,715	$ 103,667
Deposits on acquisition of assets	283	1,135
Deferred costs	2,459	594
Future income taxes	8,713	5,600
	$ 119,170	$ 110,996

(TABULAR AMOUNTS IN THOUSANDS OF DOLLARS)

10. Bank loans

The Company has authorized lines of credit of $75,000,000 (1998, $100,000,000) and US$35,000,000 (1998, US$78,000,000) (CAN$51,590,000; 1998, CAN$113,646,000) bearing interest at a rate based on the prime rate or LIBOR. These lines of credit include an amount of US$10,000,000 (1998, US$20,000,000) (CAN$14,740,000; 1998, CAN$29,140,000) relating to letters of credit. As at May 31, 1999, letters of credit amounting to $6,791,000 (1998, $8,513,000) are issued.

Under the conditions of the credit agreement, the Company must satisfy certain covenants as to minimum financial ratios and must satisfy certain conditions.

11. Long-term debt

	1999	1998
Term loan (US$104,800,000), bearing interest at a rate based on prime rate or LIBOR repayable in quarterly instalments of $4,422,000 (US$3,000,000), maturing June 2003. This loan is subject to the same conditions as short-term bank loans and was renegotiated in June 1998	$ 154,475	$ 55,000
Loans, secured by real estate having a net book value of $41,882,000, repayable by maximum monthly instalments of $237,000 including principal and interest at rates varying from 6.1% to 10%, maturing in March 2022	23,368	25,323
Computer equipment and software lease agreements, repayable until October 2003 by maximum monthly instalments of $123,000 including interest calculated at rates varying from 5.1% to 9.6%, with purchase option of $673,000 at maturity	4,480	3,697
	182,323	84,020
Current portion	19,744	1,900
	$ 162,579	$ 82,120

Repayments to be made during the following years, excluding those related to a capital lease for which no repayment terms have been fixed, are as follows:

	Long-term debt	Lease contracts	
	Principal	Principal	Interest
2000	$ 18,586	$ 1,158	$ 174
2001	18,653	719	110
2002	18,724	748	67
2003	18,800	622	28
2004	84,917	149	3
	$ 159,680	$ 3,396	$ 382

(Tabular amounts in thousands of dollars)

12. Capital stock

Authorized

Unlimited number of Class A subordinate voting shares, participating, one vote per share, exchangeable, at the option of the holder, for the same number of Class B shares in the event of a take-over bid being made in respect to Class B shares, without par value

Unlimited number of Class B shares, participating, ten votes per share, exchangeable for Class A subordinate voting shares on the basis of one Class A subordinate voting share for one Class B share, without par value

Unlimited number of Class C shares, to be issued in one or more series subject to rights, privileges, conditions and restrictions to be determined, non-participating, non-voting, without par value

Issued	1999	1998
20,291,800 Class A subordinate voting shares (1998, 18,694,600)	$ 52,617	$ 51,738
32,500,000 Class B shares (1998, 34,000,000)	2	2
	$ 52,619	$ 51,740

Issuance

During the year, some executive officers have exercised their stock options and accordingly the Company has issued 97,200 (1998, 54,100) Class A subordinate voting shares for a cash consideration of $879,000 (1998, $485,000).

In addition, 1,500,000 Class B shares were converted into an equivalent number of Class A subordinate voting shares. The shareholder completed a public offer on these shares. The Company has not received any proceeds from this sale.

Stock option plan

As at May 31, 1999, the Company has granted to 21 of its executive officers stock options for a maximum of 145,700 Class A subordinate voting shares at prices varying from $8,73 to $16,95 per share. The stock options may be exercised until October 21, 2007.

13. Foreign currency translation adjustments

These adjustments represent unrealized gains pursuant to the translation of the financial statements of the Company's self-sustaining American subsidiaries. The variation of this item is due to the fluctuation of the exchange rate during the year and to the reduction in the net investment in subsidiaries.

14. Contingent liabilities

Guarantees

The Company has guaranteed the reimbursement of certain bank loans contracted by franchisees to a maximum amount of $36,787,000. As at May 31, 1999, these loans amount to approximately $36,263,000.

Buyback agreements

Under buyback agreements, the Company is committed to financial institutions to purchase the inventories of some of its franchisees up to the amount of advances made by those financial institutions to the franchisees. However, under these agreements, the Company is not committed to cover any deficit that may arise should the value of these inventories be less than the amount of the advances.

Under buyback agreements, the Company is committed to financial institutions, to purchase equipment held by franchisees and financed by capital leases and loans. For capital leases, the buyback value is linked to the net balance of the lease at the date of the buyback. For equipment financed by bank loans, the minimum buyback value is set by contract with the financial institution. As at May 31, 1999, financing related to the equipment amount to approximately $10,406,000. However, it is the opinion of management that the realizable value of the assets cannot be lower than the eventual amount of the buyback.

(Tabular amounts in thousands of dollars)

14. Contingent liabilities (continued)

Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certains dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. Although the Company has addressed the issue, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

15. Commitments

The balance of the commitments under the terms of building and vehicle leases maturing in 2018 totals $275,047,000. Minimum payments payable over the next five years are as follows:

2000	$ 49,983
2001	$ 44,920
2002	$ 38,438
2003	$ 32,159
2004	$ 27,838

Under the terms of building leases and subleases, the Company will receive, up to the year 2019, minimum payments totalling $217,522,000. This amount takes into account the renewal of subleases at the same terms and conditions as the lease agreements.

16. Fair value of financial instruments

The fair value of cash, receivables, bank loans and payables is comparable to the book value in view of that short maturity.

The fair value of loans, advances and long-term receivables from franchisees has not been determined since these balances result from transactions made in a preferential commercial context and accordingly with terms that could differ from terms negotiated with non-franchisees.

The fair value of the long-term debt is $184,630,000 (1998, $85,271,000) and has been established by discounting the contractual cash flows to interest rates used on the market for debts having similar characteristics.

17. Segmented information

The Company has three reportable segments: franchising, real estate and retail sales. Within the segment of franchising, the Company carries on the franchising activity of retail stores under the "PJC Jean Coutu" banner, operates a distribution center and coordinates several other services for the benefit of its franchisees. As at May 31, 1999, the number of franchises totaled 254 (1998, 251), of which 10 (1998, 30) were opened and acquired during the year.

The Company operates 254 (1998, 242) retail sales outlets selling pharmaceutical and other products under "Brooks" banners, 22 (1998, 22) of which were opened and acquired during the year.

(Tabular amounts in thousands of dollars)

17. Segmented informations (continued)

Segmented information is summarized as follows:

1999	Franchising ($)	Real estate ($)	Retail sales ($)	Total ($)
Revenues from external customers	1,062,815	48,539	1,178,016	2,289,370
Amortization:				
Capital assets and real estate	4,318	2,072	17,333	23,723
Goodwill	8,167	–	3,493	11,660
Deferred costs	–	107	4,965	5,072
Financial expenses:				
Interest on long-term debt	282	1,877	9,984	12,143
Other interest	2,468	16	2,253	4,737
Intersegment interest	(6,311)	–	6,311	–
Earnings before income taxes	88,557	10,328	20,572	119,457
Total assets	243,446	159,215	517,440	920,101
Acquisition of capital assets, real estate and goodwill	7,644	8,363	68,018	84,025
1998				
Revenues from external customers	949,252	47,656	943,166	1,940,074
Amortization:				
Capital assets and real estate	4,399	1,826	13,002	19,227
Goodwill	8,073	–	3,200	11,273
Deferred costs	–	78	3,261	3,339
Financial expenses:				
Interest on long-term debt	2,479	2,067	8	4,554
Other interest	2,709	5	6,795	9,509
Intersegment interest	(10,630)	–	10,630	–
Earnings before income taxes	76,578	9,779	12,018	98,375
Total assets	238,787	154,133	458,286	851,206
Acquisition of capital assets, real estate and goodwill	13,692	14,468	38,771	66,931

The Company's sales and other revenues, capital assets, real estate and goodwill attributed to Canada and United States are as follows:

	1999		1998	
	Sales and other revenues	Capital assets, real estate and goodwill	Sales and other revenues	Capital asstes, real estate and goodwill
Canada	$ 1,111,354	$ 233,009	$ 1,001,458	$ 232,632
United States	1,178,016	214,025	938,616	171,770
Total	$ 2,289,370	$ 447,034	$ 1,940,074	$ 404,402

18. Comparative figures

Certain 1998 figures have been reclassified to conform with the presentation adopted in 1999.

Board of Directors

Jean Coutu
Chairman of the Board and
Chief Executive Officer

François J. Coutu
Director
President and Chief Operating Officer

Louis Coutu
Director
Vice-President, Commercial Policies

Marie-Josée Coutu
Director
President,
Marcelle and Jean Coutu Foundation

Michel Coutu
Director
President and Chief Executive Officer,
The Jean Coutu Group (PJC)
U.S.A. Inc.

Sylvie Coutu
Director
President,
Sylvie Coutu Design

Yvon Béchard
Director
First Executive Vice-President
and Assistant Secretary

Barrie D. Birks
Director
President,
Tyringham Investments Ltd.

Marcel Dutil
Director
Chairman of the Board,
President and Chief Executive Officer,
The Canam Manac Group Inc.

Nicolle Forget
Director
Chairman of the Board,
Stationnement de Montréal inc.

Claire Léger
Director
Vice-Chairman of the Board,
The St-Hubert Food Group Inc.

Yvon Martineau
Director
Senior Partner,
Martineau Walker

Jacques Masse
Vice-Chairman of the Board

Erik Péladeau
Director
Chairman of the Board,
Quebecor Communications Inc.,
Vice-Chairman of the Board,
Quebecor Inc. and
Vice-Chairman of the Board
Sun Media Corporation

Laurent Picard
Director
Corporate Director

Paul Delage Roberge
Director
President and Chief Executive Officer,
Les Boutiques San Francisco inc.

Corporate Officers

The Jean Coutu Group (PJC) Inc.:

Jean Coutu
Chairman of the Board and Chief
Executive Officer

François J. Coutu
President and Chief Operating Officer

Yvon Béchard
First Executive Vice-President and
Assistant Secretary

Michel Boucher
Vice-President, Information Systems

Carole Bouthillette
Vice-President, Finance

Denis Courcy
Vice-President, Human Resources

Louis Coutu
Vice-President, Commercial Policies

Claudia Di Renzo
Vice-President, Real Estate

Yvon Goyer
Vice-President, Services and
Promotions

Caroline Guay
Director, Legal Affairs and Corporate
Secretary

Alain Lafortune
Vice-President, Purchasing,
Merchandising and Advertising

Jacques Lamoureux
Vice-President, Operations

Jacques Masse
Vice-Chairman of the Board

Richard Mayrand
Vice-President, Professional Activities

Johanne Meloche
Vice-President, Cosmetics, Exclusive
Brands and Beauty Programs

Jean-Pierre Normandin
Vice-President, Distribution Centre

Carole Rennie
Controller

The Jean Coutu Group (PJC) U.S.A. Inc.:

Michel Coutu
President and Chief Executive Officer

C. Daniel Haron
Vice-President, Pharmacy and
Professional Affairs

David A. Morocco
Vice-President, Marketing

William Pitts
Controller

William Welsh
Senior Vice-President, Operations

Randy Wyrofsky
Vice-President, Finance

Addresses

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Warwick, Rhode Island
U.S.A. 02886
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Stock market information
Ticker symbol: PJC.A
Montreal Exchange and Toronto Stock Exchange

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(514) 394-4385

Financial communications
Groupe Everest
Public Relations
600 de Maisonneuve Blvd. West
27th floor
Montreal, Quebec H3A 3J2
(514) 842-1433

Annual General Meeting
The Annual General Meeting of Shareholders of The Jean Coutu Group (PJC) Inc. will be held on September 8, 1999, at 9:30 a.m. at The Jean Coutu Group's Head Office at 551 Bériault Street, Longueuil (Quebec).

Annual information form
The Annual Information Form for the year ended May 31, 1999 will be available upon request as of October 18, 1999.

Pour obtenir la version française de ce rapport, veuillez écrire à :

Le Groupe Jean Coutu (PJC) inc.
a/s Céline Lamonde
530, rue Bériault
Longueuil (Québec) J4G 1S8

From 1969 to 1999 30 years of history

1969 Jean Coutu and his partner at the time, Louis Michaud, open their first discount pharmacy at the corner of Mount Royal Avenue and Garnier Street in Montreal. Their objective is to innovate the retail sales sector by offering a large selection of products, quality professional services and longer store-opening hours.

1973 The success of the Jean Coutu discount pharmacies opens the road to franchising.

The first franchised pharmacy is none other than the celebrated Pharmacie Montréal, the largest business of its kind on the Island of Montreal. Veritable institution, Pharmacie Montréal is open 24 hours a day and sets the example for numerous pharmacists. Furthermore, its move to franchising marks a turning point in the development of The Jean Coutu Group.

1974 The company acquires a warehouse in Longueuil, to organize its activities as a wholesaler and distributor.

1976 The Jean Coutu Group establishes its Head Office on Bériault Street in Longueuil and expands the warehouse.

1982 The first steps are made into New Brunswick and, one year later, into Ontario.

1986 The Jean Coutu Group is listed on the Montreal and Toronto Stock Exchanges and issues its first public offering. Six million subordinate voting shares are issued at $8 each.

1987 The Jean Coutu Group (PJC) U.S.A. Inc., a wholly-owned subsidiary of The Jean Coutu Group, is constituted for the operation of a network of corporate pharmacies in the United States and Michel Coutu, one of Jean Coutu's sons, becomes President and Chief Executive Officer.

1990 The Marcelle and Jean Coutu Foundation is created with the main goals of providing assistance to the populations of developing countries. In Canada, the Foundation helps disadvantaged people, abused women and children, along with fighting the use of illicit drugs.

In November, François J. Coutu becomes President and Chief Operating Officer of The Jean Coutu Group Inc.

1994 The Jean Coutu Group (PJC) U.S.A. Inc. acquires the Douglas Drug Inc. pharmacies in Rhode Island.

1995 The Jean Coutu Group acquires the 221 pharmacies operating under the Brooks Drug Store banner in six northeastern American States.

1996 The Jean Coutu Group pursues its American expansion with the acquisition of some 30 Rite Aid Pharmacies in exchange of 18 pharmacies and two health and beauty products' stores.

1997 The Jean Coutu Group (PJC) U.S.A. Inc. acquires a warehouse in Dayville, Connecticut.

1998 The largest transaction in the history of retail pharmacies in Quebec leads to the integration of Cumberland Pharmacies into The Jean Coutu Group franchisee network.

The Jean Coutu Group earns the title "The Most Admired Company in Quebec" according to a poll conducted by Léger & Léger and published in Commerce Magazine.

1999 The Jean Coutu Group (PJC) U.S.A. Inc. acquires the establishments of the City Drug chain to consolidate the presence of the Brooks Pharmacy network in the Vermont and establish a presence in the New York State.

For the second year in a row, The Jean Coutu Group earns the title "The Most Admired Company in Quebec" in a Léger & Léger poll issued in Commerce Magazine.

The Jean Coutu Group employs more than 15,000 people in a network of 254 franchised establishments, 37 PJC Clinic in Quebec, New Brunswick and Ontario, and 254 Brooks Pharmacy corporate outlets located in seven states of the northeastern United States.

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The
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